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17 August 2018

Black Economy Division
The Treasury
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By email: Blackeconomy@treasury.gov.au

Treasury Laws Amendment (Black Economy Taskforce Measures No.2) Bill 2018

The Housing Industry Association (HIA) is pleased to provide the following response to the *Treasury Laws Amendment (Black Economy Taskforce Measures No.2) Bill 2018* (Bill).

The Bill seeks to:

- expand the Taxable Payment Reporting System (TPRS) to high risk industries including security, road freight and IT; and
- remove tax deductibility of certain payments in circumstances where there has been a failure to withhold certain amounts.

HIA has actively participated in the work of the Black Economy Taskforce and we support the Government's intention to address areas of tax leakage and avoidance.

HIA broadly supports the measures outlined in the Bill, however makes the following brief comments.

Taxable Payment Reporting System

Since 2012 the building and construction industry has been subject to the TPRS.

While HIA opposed the introduction of these measures there is no reason that the TPRS should not be expanded to other industries. HIA also sees no reason for the current exclusion of owner builders from the TPRS.

In its final report the Black Economy Taskforce recommended that the system be expanded to capture owner builders. HIA would encourage the Government to adopt this aspect of the Taskforces recommendation.

Removing tax deductibility for certain payments

HIA does not oppose the proposed measures.

The likelihood, however that the proposed measures will act as a financial disincentive to those operating in the black economy is limited. It would be reasonable to expect that parties trading in cash will not comply

with their withhold requirements and would also not claim the generally permitted deduction associated with those payment.

Exception where ABN quoted by employee

HIA supports provisions that continue to permit deductions where a contractor has provided an ABN but is later deemed to be an employee by the ATO.

HIA is concerned that Example 1.1 of the Explanatory Memorandum is unnecessarily detailed and may inadvertently provide a view about contracting arrangements that will to be deemed to be employment relationships. HIA's preference is that it be removed.

I would be pleased to meet and discuss the proposal further and can be contacted on 02 6245 1300 or k.brookfield@hia.com.au.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED



Kristin Brookfield
Chief Executive Industry Policy